

# Committee Substitute for Ordinance No. 240559 Socially Responsible Banking

July 16, 2024

*Prepared for:*

Finance, Governance, and Public Safety Committee



# Background

## Community Reinvestment Act (CRA), 1977

- Requires the Federal Reserve Bank and other federal banking regulators to encourage financial institutions to help meet the credit needs of the community in which they do business with to include low-and-moderate income (LMI) neighborhoods

## Resolution No. 120113

- Approved criteria related to socially responsible banking to be included in future RFPs for Banking Services

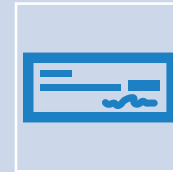
## Resolution No. 180530

- Updated criteria related to socially responsible banking

# Purpose of the ordinance



Amend Chapter 2, Code of Ordinances by adding Sections 2-1616 through 2-1620



Establishes socially responsible banking practices with depository institutions that do business with the City.

# Chapter 2, Article XI – New Sections



## Section 2-1616

- Define responsibility of City depository institutions to meet socially responsible banking criteria
- Balanced with need to:
  - Meet minimum banking criteria (Section 2-1614)
  - Meet significant and complex banking needs of a City with a \$2.3 billion budget



## Section 2-1617

- City depositories are required to submit disclosures, subject to limits of federal regulation:
  - Residential and small business lending
  - Community development loans
  - Branch and deposit information
  - Other information

# Chapter 2, Article XI – New Sections



## Section 2-1618

Requires City depository institutions to submit a Community Reinvestment Plan once every two years

- Plan should describe any current and proposed initiatives that will address financial needs of residents and businesses throughout the City



## Section 2-1619

Establishes a Community Reinvestment Review Panel

- Panel to include three Directors, two Councilmembers, and three members of community organizations
- Purpose is to review community reinvestment plans, performance by each bank, and disclose data collected, subject to law/regulation

# Chapter 2, Article XI – New Sections



## Section 2-1620

Prohibits predatory lending

- Ensures City funds are not held at any financial institutions involved in predatory lending
- Requires Finance Director to provide a plan for divestiture for any financial institutions holding City funds found to be involved in any type of predatory lending

# Questions?